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Title: AG seeks more tobacco payments through lawsuit

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Lead:

Attorney General Greg Stumbo filed a lawsuit Wednesday seeking to recover the full amount tobacco companies owe Kentucky as part of a landmark 1998 legal settlement.

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Attorney General Greg Stumbo filed a lawsuit Wednesday seeking to recover the full amount tobacco companies owe Kentucky as part of a landmark 1998 legal settlement.

Stumbo filed a motion with Franklin County Circuit Court seeking to recover money being withheld by the nation's cigarette makers, according to a statement from Stumbo's office.

"We are entitled to full payment under the agreement," Stumbo said in the statement. "We filed suit to be sure we receive the money the tobacco companies owe the states."

Kentucky has already received about \$102 million for this year's payment under the national master settlement agreement. However, about \$13 million has been put into a disputed account.

Kentucky's share of the settlement was about \$3.45 billion over the first 25 years, according to the attorney general's office. Kentucky has received more than \$835 million in Phase I payments and an extra \$600 million under Phase II payments.

The tobacco industry is facing similar lawsuits across the country including Connecticut, Massachusetts, New Jersey and Ohio. Tennessee's attorney general and Washington state's attorney general also filed similar lawsuits on Wednesday.

Negotiations between the states and tobacco companies over the money recently broke down, leading to the lawsuits.

Cigarette makers are withholding part of the money they agreed to pay states under the national settlement. Tobacco companies are seeking to reduce their payments, citing decreased market share.

R.J. Reynolds and No. 3 cigarette maker Lorillard Tobacco Co. said Monday they had put more than \$750 million aside rather than hand it over to the states.

R.J. Reynolds paid the states about \$1.4 billion but withheld \$647 million, putting it in an escrow account until the dispute is resolved.

Lorillard paid the states a little more than \$550 million but put another \$108 million aside.

Industry leader Philip Morris USA made all of its \$3.4 billion payment but believes that sum should be reduced.

Stumbo said Kentucky is entitled to its payments.

"We have diligently enforced our statute, and we are asking the court to find that we have done so," Stumbo said. "Then we will ask the court to order companies to pay in full."

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